

# SUSTAINABILITY REPORT

The implementation of sustainable business practices is a continuous process for every organisation. To maintain and improve sustainability initiatives Montauk, through the social and ethics committee, endeavours to further embed a sustainability focus into its core strategy of business.

## ENVIRONMENT

Municipal solid waste (“MSW”) landfills are the third-largest human-generated source of methane emissions in the United States, releasing an estimated 133 million metric tons of CO<sub>2</sub> equivalent into the atmosphere in 2014 alone<sup>1</sup>. With a global warming potential 25 times greater than CO<sub>2</sub> and a short (10-year) atmospheric life, methane is a potent greenhouse gas that is a key contributor to global climate change. As a result, reducing methane emissions from MSW landfills is one of the best ways to achieve a near-term beneficial impact in mitigating global climate change. Methane also contributes to background tropospheric ozone levels as an ozone precursor. Many of the technologies and practices that reduce methane emissions also reduce associated emissions of volatile organic compounds, odours and other local air pollutants.

Raw landfill gas collected for a beneficial use project is typically around 50 per cent methane by volume. It is estimated that a beneficial use project will capture roughly 60 to 90 per cent of the methane emitted from the landfill, depending on system design and effectiveness. The captured methane is destroyed when the gas is burned to produce electricity or refined into renewable natural gas and placed into the natural gas pipeline system.

Montauk’s business is exclusively focused on the capture and beneficial use of landfill methane and is responsible for significant emissions reductions arising from the flaring and/or beneficial use of the associated methane (e.g. electric energy generation or renewable natural gas). In the year under review alone, Montauk’s combined electric generation and renewable natural gas facilities provided enough energy to power over 65 000 United States homes while collectively reducing over 3.8 million metric tons of CO<sub>2</sub> equivalent emissions<sup>2</sup>.

### Fiscal 2016 emissions reductions and environmental benefits

|   |       |
|---|-------|
| Total annual emissions reduction equivalent (million)   |       |
| Metric tons of carbon dioxide                           | 3.8   |
| Tons of methane   | 0.17  |
| Equivalent annual environmental benefits (million)      |       |
| Acres of US forest carbon sequestration                 | 3.5   |
| Gallons of gasoline carbon dioxide emission equivalents | 427.0 |

In addition Montauk originated carbon credits for the equivalent of over 66 000 metric tons of CO<sub>2</sub> which were verified through the Climate Action Reserve.

The Climate Action Reserve operates the premier carbon offset registry for the North American carbon market and has developed a regulatory-quality programme to quantify GHG emissions reductions from offset projects.

The very nature of the landfill gas industry demands a heightened awareness of our impact on the environments where we operate and in this regard the Company is committed to minimising its impact on the environment. The Company can safely report that it has no significant breaches of environmental standards to report for the past financial year. The protection of limited water resources, pollution and the natural aesthetics of the environment through rehabilitation programmes remain key commitments.

When a Montauk facility ceases operation, the facility site is decommissioned and remediated in accordance with the host landfill gas contract and all applicable laws.

## HEALTH AND SAFETY

Montauk has developed a health and safety programme (“HASP”) which serves to integrate safety into the scope of every task or project undertaken by the Company or its contractors. Our efforts are employee-centred and focused on improving working conditions and eliminating hazards. The Company engages employees to directly influence our safety culture and safety programmes through our active safety committee and through site visits and inspections. Employees have been empowered to make safety their first priority. All HASP policies are reviewed by employees and feedback from employees is incorporated into our policies and procedures. Our safety procedures on all work tasks are created by our employees in the field.

In the year under review Montauk was involved in two (2) reportable injuries (one of which resulted in lost productivity) and Montauk facilities internally reported nine (9) near misses and equipment failures. Management believes strongly in the reporting of all incidents, unsafe conditions and unsafe acts as a means to implement corrective actions across our portfolio of projects. The increase in internal incident reporting over fiscal year 2015 indicates a positive safety culture where employees are encouraged and expected to work safely. During the year under review Montauk experienced a Days Away, Restrictions or Job Transfer (“DART”) rate of 1.17 compared to a US national average of 1.7, reflecting positively on our HASP culture.

# SUSTAINABILITY REPORT continued

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Montauk provides extensive HASP training to our employees through face-to-face, hands-on, and interactive web-based training. Training is conducted at least monthly for every employee. Newly hired employees joining the Company are assigned a battery of introductory trainings in our programmes regardless of previous experiences or expertise. In addition to employee training, Montauk also provides site safety training and orientation to contractors who perform work at our facilities.

We believe that continuous improvement of all of our programmes is necessary in order to be a leading force in our market. We frequently review our HASP and develop new safety protocols. Currently we are evolving several programmes to further protect workers in the field, including the use of personal monitoring and man-down devices equipped with global positioning system (“GPS”) beacons and increased protective gas detection device deployment in the wellfield.

## DISCRIMINATION

Fairness is promoted across all operations through a code of ethics. Legal compliance policies promote zero tolerance of discrimination within the workplace. This is enforced and established through standard grievance and disciplinary procedures, in order to maintain consistency and compliance.

## ECONOMIC SUSTAINABILITY

Economic sustainability is critical in attracting and retaining customers, employees and investors. Sustainability initiatives, whether environmental, social or economic, increase the value of the Company by leveraging opportunities and managing risk. Montauk respects and complies with the laws of the countries in which it operates and through the implementation of appropriate internal control structures the Group aims to ensure that significant regulatory, business and financial risk is identified and appropriately managed.

<sup>1</sup> Source – United States Environmental Protection Agency’s Landfill Methane Outreach Program (“LMOP”)

<sup>2</sup> Source – LMOP Landfill gas-to-energy benefits calculator.